




## MEMORANDUM

**TO:** Public Utility Committee Members

**CC:** Greg Meszaros, Director, Austin Water  
Kerry Overton, Deputy General Manager Austin Energy

**FROM:** Elaine Kelly-Diaz, Vice President Customer Account Management 

**DATE:** January 14, 2016

**SUBJECT:** Summary of Austin Energy's Response to 2014 Office of the City Auditor Water Billing Process Findings

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This memorandum is in response to questions posed during the November 2015 Public Utility Committee meeting, regarding the Office of the City Auditor's (OCA) 2014 audit of Austin Energy's water billing process.

Austin Energy (AE) follows standard industry practices and applicable regulations for water meter reading and billing. Of the over 5.4 million bills produced on an annual basis by AE, approximately 2.7 million of those bills include metered water bill segments. With such large volume, processes are built to allow timely production of a customer's bill while flagging out-of-range issues for manual review during multiple checkpoints in the bill production process. The ultimate goal is timely and accurate utility bill production.

AE recognizes the importance of continual review and improvement of processes and welcomed the OCA's report, which provided five recommendations. As stated in our original Management Response to the audit, Austin Energy concurred with four of the recommendations, and partially concurred with one of the recommendations. The audit report recommendations, along with a summary of Austin Energy's actions to date, are attached. It is also important to note that the OCA audit report findings identify a water meter read error rate of 6 per 1350 (an accuracy rate of 99.6%).

Austin Energy expects to present the results of the external party water bill review audit by the January 2016 Public Utility Committee meeting, with Austin Water providing a report on their meter and meter reading audit. We look forward to continuing our partnership with Austin Water, and continuing to strive for utmost accuracy of our citizen's utility bills.

### OCA Recommendations and Summary of AE Actions:

1. AE Management should develop, implement, and monitor a process to measure, evaluate, and improve the accuracy of meter reads, including those that fall within the expected range calculated by Customer Care and Billing (CC&B).
  - Austin Energy developed a quality assurance review of vendor's meter reads through our Revenue Measurement and Control (RMC) group. Using this process, RMC personnel re-reads random meters on a monthly basis to ensure a read was obtained and validate the accuracy of the read. The current review encompasses an average of 200-300 meters per month, and accuracy rates trend over 97%.
  - Austin Energy and Austin Water are actively working with meter read vendor to pilot, and potentially implement, a meter reading software that allows field personnel to take and upload pictures of meters where a re-read has validated high usage, meters with certain "trouble codes" (e.g. broken glass), or meters where site specific information is helpful.
2. AE Management should also periodically evaluate, and if necessary revise, the parameters CC&B uses to calculate the expected range of usage.
  - Austin Energy established a cross-functional team to review current process, parameters, and billing system code. The team also contacted other utilities using CC&B and CC&B functional consultants to identify potential parameters for water billing. Austin Energy's current parameters are in-line with other utilities, and potential adjustments to these parameters must be fully vetted to understand any possible large-scale increase in volume of manual reviews for valid reads.
  - This team continues to review potential further refinement of parameters, including quantifying system changes required to allow for a seasonal adjustment to flags of high water reads. A seasonal adjustment could allow for a lower parameter to be used during non-irrigation months, potentially catching a higher number of out-of-range reads for manual review before they are billed.
3. AE Management should improve review processes to ensure all system-flagged reads are thoroughly reviewed prior to billing and document in policy how re-reads should be ordered as well as acceptable deviations to the prescribed policy.
  - The billing process that governs order of re-reads and acceptable deviations to policy was updated and instituted in December 2014.
4. AE Management should also develop, implement, and monitor a process that ensures the timely identification and communication of potential water leaks to relevant stakeholders.
  - Austin Energy partially concurred with this finding, as the monthly water read for billing may not be the timeliest avenue for leak identification.

- However, Austin Energy and Austin Water partnered to improve the leak identification process, leading to the implementation of proactive customer communication for a potential leak at a customer's property.
- 5. AE Management should develop, implement, and monitor a process that ensures changes to key data fields are recorded, authorized, and monitored.
  - Audit tables currently exist within CC&B. Austin Energy has established a reporting procedure to highlight key data field changes; these reports are reviewed on a monthly basis to ensure change validity.